Prices of Agriculture products

3870. SHRI K. CHANDRAN PILLAI: Will the Minister of AGRICULTURE be pleased to state:

(a) whether the prices of agriculture products have been facing a downward trend particularly of cash crops during the last three years;

(b) if so, the details thereof; and

(c) the reasons therefor alongwith the steps taken to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA): (a) and (b) According to the Wholesale Price Index (1993-94=100), the prices of agricultural commodities increased by 4.3% in 2003-04 compared with 3.4% in 2002-03. During 2004-05, the Wholesale Price Index (WPI) for agricultural commodities increased at a relatively lower rate of 2.1%. In regard to cash crops like oilseeds, raw rubber and raw cotton, the WPI revealed a mixed trend. For oilseeds as a group, the WPI increased by 11% in 2003-04 compared with 16.4% in 2002-03. During 2004-05, the WPI for oilseeds increased at a lower rate of 1.9%.

As regards raw rubber, the WPI increased by 18.1% and 16.4% respectively during 2002-03 and 2003-04. During 2004-05, the WPI for raw rubber increased by 10.9%. As regards raw cotton, the year 2003-04 witnessed a significant increase by 27.1% in WPI compared with a decline of 4.4% in 2002-03. However, during 2004-05, the WPI of raw cotton declined by 8.3% which reflected higher production at home and aborad in 2004-05 compared to 2003-04.

(c) The prices of commodities depend on supply and demand, and the variations in supply vis-a-vis demand affect prices. With a view to protecting the farmers from distress sale, the Government has been announcing Minimum Support Prices (MSP) each season for major crops covering cereals, pulses, oilseeds and cotton. The announcement of MSPs is backed by procurement by designated agencies with a view to protecting the interests of farmers during period of fall in prices vis-a-vis MSPs. As regards rubber, coffee and tea, the Department of Commerce has established the Price Stabilization Fund (PSF) in order to provide financial relief to the growers when the prices of these commodities fall below a specified level.